

**Managed Risk Medical Insurance Board
January 28, 2004, Meeting**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Richard Figueroa, Virginia Gotlieb, M.P.H.

Ex Officio Members Present: Jack Campana, Ed Mendoza

Staff Present: Lesley Cummings, Joyce Iseri, Laura Rosenthal, Lorraine Brown, Irma Michel, Tom Williams, Mauricio Leiva, Ernesto Sanchez, Teresa Smanio, JoAnne French, Becky Villa

REVIEW AND APPROVAL OF MINUTES OF DECEMBER 17, 2003, MEETING

A motion was made and unanimously passed to approve the minutes of the December 17, 2003, meeting.

OVERVIEW OF GOVERNOR'S BUDGET PROPOSAL

Tom Williams presented an overview of the sections of the Governor's budget proposal for 2004-05 which affect MRMIB's budget. The budget proposal contains further cuts in addition to the current year proposals relative to MRMIB.

Mr. Williams mentioned that the administration had proposed caps to take effect in the current year for various health and human services programs, including the Healthy Families Program (HFP). For the current year, HFP is funded at \$803 million which will serve a projected enrollment of approximately 732,000 children. This enrollment level is based on the enrollment cap the Governor proposed in his package of mid-year budget reductions. The enrollment cap was to take effect January 1, 2004, but it has not been enacted by the Legislature and, therefore, has not been implemented by MRMIB. Information concerning the status of the proposed cap can be found on MRMIB's web site (www.mrmib.ca.gov).

The proposed cap on HFP allows vacated slots to be filled (up to the capped level). Infants born to women entering the Access for Infants and Mothers (AIM) program on or after July 1, 2004, are excluded from it. Proposed statutory language to enact the cap does not include any sunset language. Staff calculates one-time administrative costs associated with system changes and maintaining a waiting list would completely offset any general fund savings realized by the cap in the current year (assuming a January 1 start date).

Mr. Williams said the proposed 2004-05 budget includes \$829.1 million to serve the projected enrollment of approximately 737,000 children by June 30, 2005. This

enrollment level is a combination of the 732,000 children (assumes there is an enrollment cap), plus an estimated 5,000 infants excluded from the cap who are born to women in AIM on or after July 1.

The 2004-05 budget proposes to consolidate several state-funded programs for legal immigrants, including HFP, into a single block grant to be provided to counties, saving an estimated \$848,721 in general funds. Dr. Crowell asked how that would work. Mr. Figueroa said it would not work. Ms. Cummings replied that the Administration has not yet worked out the details of these proposals and is planning to do so by the May Revision. MRMIB does not receive federal funds for services to legal immigrants. The block grant is for state-funded programs, so immigrants would lose eligibility to HFP and become the sole responsibility of the counties. Ms. Gotlieb asked where the estimate of savings is coming from. Mr. Williams replied that the Governor's budget shows \$6.6 million general fund by eliminating state involvement and having programs run directly by counties. Ms. Cummings added that the estimated savings assume that the changes took effect on October 1. Chairman Allenby noted that the proposal has to be further fleshed out and proposed in trailer bill language. Ms. Gotlieb asked about the costs involved in implementing the changes. Ms. Cummings replied that staff would need to make system changes, albeit not complicated ones, in order to terminate eligibility for immigrants. Chairman Allenby noted immigrant status would have to be ascertained. Ms. Cummings replied that MRMIB already asks applicants to provide evidence of citizenship.

Mr. Williams said the budget also contains a proposal to establish a two-tiered benefit structure for children of families above the 200% federal poverty level (FPL) in the budget year plus one. He described the details of the tiered benefits and premium costs. Staff estimates this would affect approximately 161,000 children, assuming an enrollment cap. The two-tiered benefit would become effective July 1, 2005, provided it is enacted by the Legislature. The proposed 2004-05 budget includes an increase of \$750,000 for administrative costs associated with making the system changes, reprinting literature, notifying affected subscribers, etc.

Mr. Williams described proposed changes to the Department of Health Services that could also affect HFP children. The budget proposes a cap of 37,600 in the California Childrens Services (CCS) program. It would be a soft cap, meaning applicants would be placed on a waiting list and would be enrolled on a first-come, first-served basis as vacancies occur. Proposed trailer bill language would exempt HFP children from the cap. Chairman Allenby underscored the fact that cuts to CCS would not affect the HFP. Mr. Williams detailed some of the other proposed reductions affecting Medi-Cal, as well as proposed restructuring of the Medi-Cal program. He noted that Secretary Belshé is holding a public meeting to explain the restructuring of Medi-Cal. Ms. Cummings commented that changes to Medi-Cal would require revisions in the HFP.

Chairman Allenby noted that restructuring Medi-Cal would be a long process. He asked if there were any further questions or comments; there were none.

LEGISLATIVE UPDATE

Teresa Smanio presented the status of the few bills remaining from last session that impact MRMIB. She briefly highlighted AB 79 (Dutra), AB 343 (Chan), and AB 596 (Frommer). None of the current session's bills impact MRMIB. Chairman Allenby asked if there were any questions or comments; there were none.

SB 2 (BURTON & SPEIER) UPDATE

Lesley Cummings gave an update on the status of SB 2 (Burton & Speier). The First Appellate District Court of Appeals overturned Superior Court Judge Connelly's ruling and has directed the referendum to appear on the November ballot. Pursuant to the state constitution, SB 2 does not go into effect unless and until the referendum fails, so MRMIB cannot implement SB 2. Additionally, there are no resources allocated to MRMIB for implementation. However, California Health Care Foundation is providing the funds to hire Debra Kelch and John Ramey (subcontractor) as consultants to facilitate the request for proposal (RFP) process for discussion papers and issue papers. They have begun networking with interested parties.

CHANGING ELIGIBILITY OF INFANTS FROM AIM TO HFP: AIM/HFP EMERGENCY REGULATIONS

Joyce Iseri presented for the Board's approval the final emergency regulation packages for HFP and AIM. The first draft was presented to the Board at its November 2003 meeting. Since then, staff has done a lot of work and talked to stakeholders, resulting in significant changes. Ms. Iseri highlighted the more notable changes from the first draft, especially the method of enrolling the newborn to make it easier on the mother and to allow a longer period of time to enroll the infant retroactive to date of birth. There are several steps the administrative vendor (AV) will take prior to the birth of the infant to ensure enrollment, and the mother will notify the AV, not the health plan. The timeframe for notifying the AV has been extended from the end of the second month of the infant's life to the end of the twelfth month of life (with the first month being the month of birth). However, parents must pay any outstanding premium before the infant can be enrolled. Provisions have been added to allow for split enrollment, where the infant can be in a different plan than its siblings until the open enrollment that occurs after the baby's first birthday. Ms. Iseri then reviewed each significant change in the regulations since the prior presentation.

Chairman Allenby asked if there was any public comment.

Lucy Quacinella, an attorney representing Maternal and Child Health Access, thanked Ms. Iseri and Janette Lopez for being responsive to their concerns. She asked if retroactive premiums would be required if the infant does not get referred at the time of birth. Ms. Iseri affirmed premiums would be due retroactively, beginning with the first full month of coverage. There is no partial premium for a period less than one month. Ms. Quacinella asked if the provider would be reimbursed in the rare instance where the

infant was not referred until the fourth month and prior to enrolling it was taken to a provider outside of the network. Ms. Iseri said services would not be covered unless it was deemed an emergency consistent with the provisions of the program.

Ms. Quacinella thanked the Board and Ms. Iseri.

Chairman Allenby asked if there were any questions or further public comment; there were none. Ms. Rosenthal asked the Board for permission to clarify the wording on page five of the HFP regulations to make it consistent with the answer to Ms. Quacinella's question that premiums will be retroactive to the first full month after birth. A motion was made and unanimously passed to approve the two regulation packages with the clarification regarding retroactive payment of premiums.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry Reports

Ernesto Sanchez reported that there are 687,000 children enrolled in HFP as of January 28, 2004. He reviewed enrollment data that included the ethnicity and gender of subscribers, the top five counties in enrollment, SPE statistics, and the breakdown of applications processed with and without assistance. He noted that as a result of community outreach, there has been an increase in applications.

Jack Campana asked why November disenrollments were so high. Irma Michel replied that it is a result of reinstatements of November disenrollments not being completed in time for the 12/5/03 report. There is a two-week reinstatement period when payments are mailed on time. When MAXIMUS starts generating reports, the gap will no longer occur. Mr. Mendoza asked if the enrollment cap for the budget year were enacted, would it apply to the current enrollment level. Ms. Cummings said that remains to be seen.

Administrative Vendor Transition Status

Ms. Cummings announced that since the transition had been completed, she would no longer be presenting status reports and had asked Irma Michel to make this last one. Irma Michel happily reported that the transition was successful thanks to the hard-working partnership of MRMIB, DHS, EDS, and MAXIMUS. Telephone lines were operational at MAXIMUS on January 2. The system was opened on January 5. The English version of Health-E-App was available on January 5. The Spanish version will be available on January 30. Ms Michel reported that while the transition and conversion of data went well, there were some problems or opportunities that were identified right away. The telephone lines received a large volume of calls the first week due to the media coverage about the cap plus the lines had to be closed down for two days during the transition. There was an issue with the credit card line being down a couple of times which prevented some people from making payments. There were problems in the first two weeks with cash payments sites due to the switch in vendors from Rite Aid to Western Union even though notices were sent to subscribers two months in advance.

Over 2000 payments were received at Western Union the first two days. There was an application backlog at SPE because EDS' processing of applications was cut off on December 24 and MAXIMUS began processing applications on January 5 after all data was converted. MAXIMUS' goal is to be caught up at SPE by the end of January. Currently, daily and maintaining enrollment is occurring. MRMIB's eligibility staff will remain stationed at MAXIMUS until they are satisfied. After that, staff will continue monitoring. The telephone application is operational and now applications are being filled out by the customer service representatives and sent to the applicant to be signed and returned. Next month staff will begin working on the AIM transition.

Mr. Figueroa asked how many people from EDS came over to work for MAXIMUS. Randy Fritz said approximately 125. Dr. Crowell inquired about the accessibility for Western Union as opposed to Rite Aid. Ms. Michel said there are more Western Union locations than there are Rite Aids. Dr. Crowell asked if this was true throughout the state. Ms. Michel replied that despite Western Union locations being statewide, there are a few areas that do not have a Western Union, but the same was true for Rite Aid. Dr. Crowell asked how many languages are available for the application by phone. Ms. Michel said there are currently ten languages. Mr. Figueroa asked how many other states have application by phone. Ms. Michel said she only knew of Texas, and she is not sure if they still offer it.

Chairman Allenby asked for public comment.

Celia Valdez, representing Maternal and Child Health Access and First Five LA, presented some implementation problems that she and other advocates had experienced during the transition. She understood and accepted that there would be some temporary problems, but asked that a liaison be allowed to get involved in the resolution of these issues. After enumerating several of the issues, Chairman Allenby asked that she provide them to the Board in writing. Ms. Michel said staff was aware of all of the issues Ms. Valdez raised and they have been working on them. Some of them have already been resolved. She added that staff is always accessible to everyone and they would be willing to discuss concerns.

Ms. Valdez offered to provide copies of e-mails MCHA has received. They have begun drafting a letter to MRMIB. Mr. Figueroa asked about the issue of Western Union charging subscribers for processing payments. Ms. Michel said as soon as she had heard about it, the practice was immediately stopped. Mr. Campana asked if the charges were refunded. Ms. Michel said no one was willing to pay the \$20 fee in addition to the premium payment, so no refunds were due plus these offices could not accept a Healthy Family payment. She added that notices have been sent out and a notice will be added to billing statements that there are no fees for processing payments at Western Union. In addition, a toll-free number will be added so subscribers can call to find out where the nearest Western Union payment station is located. This is the same practice utilized when Rite Aid was used.

Ms. Cummings announced that MRMIB wanted to acknowledge EDS for the incredible work they have done for the past five years. She asked Dennis Price, EDS Executive Director, and Lan Nguyen, EDS Deputy Director, to join her at the podium, whereupon she presented EDS with an award of appreciation. In addition, Ms. Cummings acknowledged staff at MAXIMUS and MRMIB. She said MAXIMUS told her they have never seen the likes of staff such as MRMIB's. Ms. Cummings noted the excellent work of the staff, particularly Ms. Michel who had led the effort. Chairman Allenby read the names of the staff who worked on or supported the transition and asked them to come up to the podium to receive a certificate of appreciation. On behalf of the Board, he also expressed his appreciation to the staff. The Board and the audience both applauded.

Advisory Panel Vacancies

Ms. Michel presented recommendations for appointments to fill four vacancies on the Advisory Panel. All four candidates, Ronald Di Luigi (Business Representative), Elizabeth Stanley-Salazar (Substance Abuse Provider), Leonard Kutnick, M.D. (Board-Certified Pediatrician), and Michel Kirkpatrick (Licensed Non-profit Primary Care Clinic), are incumbents. Dr. Crowell said she would be happy to make a motion to appoint them. Mr. Campana added that he has worked with all four and he was pleased they applied. The motion was unanimously passed.

Rural Health Demonstration Project – Award of Projects and Approval of Contract Amendments

Mauricio Leiva requested that the Board approve staff's recommendation for award of projects and contract amendments for FYs 2003-04 and 2004-05 for the Rural Health Demonstration Project. He provided a list of the plans and their respective projects. A motion was made and unanimously passed to approve the projects and bidders as listed along with the conforming contract amendments.

Health Plan Quality Report – 2003

Lorraine Brown announced the sad news that her unit lost two key staff members who are instrumental in preparing this report. Steve Lemke returned to law enforcement and Doug Skarr transferred to the State Treasurer.

She proceeded to brief the Board on the Quality Measurement Report. Pursuant to the plans' contracts, they must annually report on five key quality measurements. MRMIB uses the information for monitoring purposes and provides the information to subscribers in order to help them choose a plan. The information in this report includes a comparison of how the plans did last year on the five measurements. With the exception of mental health scores, which declined, the scores have all increased. Ms. Brown said it is not clear why mental health scores dropped. This measure has always been problematic. The communication between counties and plans does not occur in such a way as to provide the needed information in order to ascertain if children who need mental health services are getting them. Staff is concentrating on the issue

this year. Of note is the fact that the scores are on par with national Medicaid and commercial rates. Dr. Crowell asked if they were any better, to which Ms. Brown replied that they were.

She led the Board through the report page by page, highlighting information of interest. Relative to a drop in scores for children of Korean-speaking families, Ms. Gotlieb noted that this score does stand out. She read in a report by Children Now that fewer Korean children are getting insurance and those that do are not utilizing services. Ms. Brown said that information will be provided to plans and will be a point for discussion.

The Board has asked staff previously to work with plans regarding adolescent well care. The scores have improved, but are still too low. Some plans have begun offering incentives to reward adolescents for seeing their providers, and some are including incentives to providers as well. These incentives have not been in place long enough to demonstrate results at this point, but may be measurable by next year. Overall, the plans are moving in the right direction.

In addition to HEDIS[®] measures, MRMIB has also been using DHS' 120-days assessment for the past couple of years. These scores have been continually increasing.

Dr. Crowell indicated she was pleased with the plans' performance, and that parents and MRMIB staff should be pleased as well. She agreed that mental health and adolescent health are areas of concern that need improvement, and was glad to see staff has taken action in that regard. She requested that every county be provided a copy of this report along with a cover letter asking them to collaborate. Mr. Figueroa suggested staff talk to the county mental health directors before sending out letters to see if that would help prod them. He suggested contacting California Institute for Mental Health (CIMH) and the County Mental Health Directors Association (CMHDA). Dr. Crowell stated that CIMH has worked with MRMIB staff before.

Mr. Campana noted that dental services, an important benefit, are not included in the report and asked if that could be added. Ms. Brown replied that staff has a nationally-recognized measure they have been using. They collect data from dental plans once a year, and have provided the results in a separate report. The dental subcommittee of the Quality Work Group is working on identifying additional quality measures. Mr. Campana offered that it does not need to be a top priority, just something to keep in mind to see what is available for measuring the quality of dental services.

Ms. Gotlieb said that the overall increase in scores for immunizations was impressive, but the spread and range of data are broad. The spread needs to be narrowed. Chairman Allenby noted there have been some plans that have consistently under-performed and suggested that this inadequate performance could be a consideration in reprocurement.

Mr. Mendoza said some of the improvement in scores can be attributed more to improvements in capturing data as opposed to improvement in providing services. He felt that looking at national averages was not that useful. He asked Ms. Brown to explain what the “Not Meaningful (NM)” designation meant in the tables. Ms. Brown described two reasons why scores might be “NM.” Either there was insufficient sample size or there were flaws in the data collection. Most were because of an insufficient sample. Mr. Mendoza inquired what could be done about under-performing plans. Ms. Cummings said the plans could be informed of the Board’s preference for these reports. Also, the Chief Deputy, working in conjunction with the Benefits Deputy, can devise an approach for discussing plans’ level of performance based on HEDIS[®] scores and other measures.

Lucy Quacinella suggested that staff consult with organizations such as the Asian Pacific Islanders about data to ensure accurate conclusions about cultural demographics. Because there could be problems with access and translation services, she would like to see staff use other resources.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Mr. Sanchez reported that there are currently 4,683 mothers and 11,555 infants enrolled in the program. He briefly reviewed the enrollment data, including ethnicity, infant gender percentage, and the counties with the highest percentage of enrollment. Chairman Allenby asked if there were any questions or public comment; there were none.

Review and Approval of Solicitation Package for AIM Health Plan Contracts for 2004-2007

Ms. Iseri asked for the Board’s approval of the contract for release with the solicitation package for the AIM health plan contracts. Since the last Board meeting, she had made corrections to the package consistent with the regulatory changes previously described for AIM-linked infants, as well as some minor corrections. These are itemized in the cover memo to the final draft.

Lucy Quacinella asked why the contract was simply encouraging that written materials be translated into other languages, as opposed to requiring it. She understood there are federal and state mandates that require written materials be translated. Ms. Iseri replied that the cultural and linguistic provisions represent an enhancement to the current AIM plan contract. Since AIM serves a very small population of approximately 5,000, interpreter services to facilitate access to services will be required, while translations will be encouraged. If translations are done, they must comply with HFP standards for translated materials. Dr. Crowell added that the cost would be prohibitive if 11 plans were required to translate written materials for a population of 5,000. Mr. Figueroa said that SB 853 will ultimately have standards concerning translation of written materials

regardless of any program a health plan might contract with. Mr. Mendoza said he thought there was a clause in SB 853 that will treat a plan's HFP business differently for purposes of the forthcoming DMHC requirements. Ms. Iseri said that there are standards treating a plan's HFP business separately from its commercial business, but this will only apply to a plan's line of business for purposes of computing translation threshold levels, not to a plan's AIM business.

Ms. Quacinella said she appreciated the clarification from the Board and Ms. Iseri; however, she continues to believe there are compelling reasons to provide full cultural and linguistic services to AIM mothers, especially in light of their responsibility to get their infants enrolled in HFP. She said it is a legitimate cost. Chairman Allenby pointed out the responsibilities that fall on the administrative vendor regarding linguistic services. Laura Rosenthal stated that these contract amendments are not out of compliance. She stated that MRMIB believes it is in compliance with all legal standards. Mr. Mendoza added that many of these plans are also contracting with Medi-Cal, so it is an issue that concerns more than just the 5,000 AIM subscribers. Ms. Quacinella said she plans on meeting with staff about language requirements.

A motion was made and unanimously passed to approve the release of the AIM contract for use with the solicitation package as presented at today's meeting.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Mr. Sanchez reported that there are 7,738 people currently enrolled in the program, of whom 2,693 were enrolled in 2003-04. As of January 1, there are 75 on the waiting list serving the post-enrollment waiting period. Four more people were disenrolled since last month pursuant to AB 1401, bringing the total number of 36-month disenrollments to 9,594. Staff is continuing to actively enroll subscribers since enrollment is still below the cap. Last month 474 applications were received. He reviewed the enrollment data that included the counties with highest percentage of enrollment, and the percentage by age and gender.

There being no further business to come before the Board, the meeting was adjourned.